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U.S. Coalition Freezes Assets in Terror War

Finance: The crackdown targets 62 organizations and individuals that provide money and support for Bin Laden's Al Qaeda network, Bush officials say.

November 08, 2001 | JOSH MEYER and SEBASTIAN ROTELLA | TIMES STAFF WRITERS

WASHINGTON — The Bush administration escalated its crackdown on Osama bin Laden's financial network Wednesday, freezing the assets of 62 organizations and individuals suspected of raising money and providing other critical support for the world's most-wanted terrorist leader.

The crackdown was both swift and broad. Federal agents raided more than a dozen locations in four states, detained dozens of individuals for questioning and arrested one man. And near the Swiss-Italian border, police questioned two top executives of one key group and raided their homes and offices.

The United States also asked allies in at least nine countries to freeze assets of companies and individuals.

The two largest organizations targeted Wednesday, Al Barakaat and Al Taqwa, have a significant presence in the United States and 40 other nations and are believed to funnel "tens of millions" of dollars a year into the coffers of Al Qaeda, Bin Laden's terrorist network, according to a senior Treasury Department official.

In the eight weeks since hijacked planes slammed into the World Trade Center, the Pentagon and rural Pennsylvania, killing several thousand people, the Bush administration has gathered financial intelligence to freeze the assets of suspected supporters of Bin Laden.

But Wednesday was the first time authorities have gone directly after alleged fund-raisers for, and participants in, Bin Laden's global terrorist empire. The action also marked the first time the administration has targeted U.S.-based companies and individuals who are suspected of aiding and financing terrorists.

"This is by far the most significant step in the war on terrorist assets," said Michele Davis, an assistant Treasury secretary. "It is the first time we have gone after the financiers of Al Qaeda; these are people who raise money, move money and arrange purchases for the tools of terror."

The two global companies also manage, invest and distribute funds for Al Qaeda, provide terrorists with Internet service and secure telephone communications and even arrange for the shipment of weapons, according to Treasury officials and other authorities.

Al Barakaat, based in Somalia, has used its global money-transfer business to help terrorists ship large caches of weapons from one country to another, paid for through money transfers that the company indicated was for the purchase of blankets, said one senior Treasury official who spoke on the condition of anonymity.

"These two financial networks, which are tied to Al Qaeda and Osama bin Laden, raise money for terror, invest it for profit, launder the proceeds of crime and distribute terrorist money around the world to purchase the tools of global terrorism," President Bush said in announcing the asset freeze, which he said was joined by dozens of other governments.

"The entry point for these networks may be a small storefront operation, but follow the network to its center and you discover wealthy banks and sophisticated technology, all at the service of mass murderers," Bush added. "By shutting these networks down, we disrupt the murderers' work."

Officials of some of the groups denied any involvement with terrorist activities.

Authorities would not say whether they have found any links between the organizations targeted Wednesday and the Sept. 11 terrorist attacks, citing the continuing criminal investigation.

The highly coordinated crackdown began at 1 a.m. PST, when administration officials ordered the freezing of any U.S. assets belonging to the individuals and companies believed to be working for or with Al Barakaat and Al Taqwa.

Many groups operated out of small storefronts in Minneapolis, the Boston area, Seattle and suburban Virginia. Federal agents from at least four law enforcement agencies swarmed more than a dozen locations in those cities, serving search warrants and seizing computer equipment and financial records that they hoped would provide a financial trail leading to Bin Laden and other terrorists.

In Boston, two Al Barakaat employees were charged Wednesday with operating an illegal money-transmittal business. Mohamed M. Hussein was arrested at the office of Barakaat North America Inc. by agents of the U.S. Customs Service, the FBI, the Internal Revenue Service and the Immigration and Naturalization Service.

The other indicted man, Liban M. Hussein, was still being pursued by authorities late Wednesday. A lawyer for both men, Sam Osagiede, described the Husseins as "gentlemen from Somalia" who had no ties to Bin Laden.

Ahmed Nur Ali Jim'ale, the chairman of Al Barakaat, vehemently denied allegations that his firm supports terrorist activities.

"This is all lies," Jim'ale told Associated Press in the United Arab Emirates. "We are people who are hard working and have nothing to do with terrorists."

In Mogadishu, Somalia, Barakaat Deputy General Manager Abas Adbi Ali denied that the company is a front for the Bin Laden terrorist network and said it has been cooperating with U.S. authorities. The company even sent a memo to its scores of offices worldwide, he said, asking them not to transfer money from suspicious people.

Authorities described Al Barakaat as a 12-year-old financial and telecommunication conglomerate that provides wire transfer services, Internet service, construction and currency exchanges through a host of smaller companies. It makes most of its money by operating informal, largely unregulated financial networks, sometimes called hawalas, that authorities say are popular in the Arab world.

In this case, Al Barakaat skims money off the top of the wire transfers and uses it to support Al Qaeda and other terrorist organizations, Treasury officials said.

Jim'ale, the company's founder, is closely linked to Bin Laden and has used Al Barakaat's 60 offices in Somalia and 127 offices in other nations to transmit funds, intelligence and instructions to terrorist cells, the officials added.

Bush and his top aides said the crackdown was a major blow to Bin Laden and his global terrorist network, and the first of many efforts to combine the high-tech search for financial assets with a more traditional law enforcement dragnet.

Efforts to reach the leaders of Al Taqwa, the other key group targeted Wednesday, were unsuccessful. The network of companies in Switzerland, Lichtenstein, the Bahamas and Milan is controlled by Youssouf Nada, a naturalized Italian citizen who was among the individuals targeted Wednesday by the Bush administration.

Authorities said Al Taqwa provides investment advice and cash transfer mechanisms for top Al Qaeda members and other radical Islamic extremist organizations and uses its offshore banks and financial management firms to help Al Qaeda ship and launder money around the world.

The Al Taqwa bank and related companies have been closely watched by numerous intelligence services and law enforcement agencies in Europe in recent years, according to French experts.

"At least for two years we have been looking at Al Taqwa," said Jean Charles Brisard, author of a report on Bin Laden's finances prepared for a French intelligence service. That report was shared with the FBI this summer.

Al Taqwa is "the most mysterious of the Islamic banks," according to a recent book by Roland Jacquard, another expert on terrorism with close ties to France's intelligence community.

Jacquard said the offshore financial institution was founded in 1987 in Nassau, Bahamas, with \$50 million in capital and is tied to the Muslim Brotherhood, a fundamentalist organization that wants to establish an Islamic state in Egypt and has been outlawed there.

On Wednesday, Swiss police questioned Nada and top aide Ali Ghalib Himmat for six hours in Lugano, on the Italian border, and seized records and documents from their homes and workplace.

The two executives have homes in Campione, a tax haven and Italian enclave on Lake Lugano surrounded by Swiss territory. Their lawyer told reporters that they had nothing to hide and would submit to any further questioning.

Nada and Himmat were among the companies and individuals that the Bush administration asked allies to go after on Wednesday.

Wednesday's asset freeze brings to 150 the number of suspected terrorist associates--both entities and individuals--that the Bush administration has targeted. So far, at least \$26 million in assets have been frozen and Treasury Secretary Paul H. O'Neill said he expects that millions more will be by the end of the week.

Wednesday's enforcement action prompted some to complain that the federal government was unfairly cracking down on an informal money-transfer system that could harm thousands of low-income people who use it to send money from the United States to relatives back home in Africa and the Middle East.

O'Neill said the actions were based on "solid and credible evidence" that Al Barakaat and Al Taqwa were not only being used to help finance terrorist activities but were actively promoting such cooperation "through deliberate calculation by those in charge of the companies."

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